



Australian Bureau of Statistics

6292.0 - Information Paper: Forthcoming Changes to Labour Force Statistics, Jun 2014

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Summary

Main Features

CHANGES TO ABS LABOUR FORCE STATISTICS

BACKGROUND

The Australian Bureau of Statistics (ABS) collects a range of data on the labour market through its suite of household and business surveys. These data support the compilation of important economic and social indicators. They provide insight into the economy and the effects of labour market policy; they are also about people - their participation in the labour force, success in finding employment, earnings and other benefits, type of work and working hours.

The monthly Labour Force Survey (LFS) is one of the most important ABS collections, providing timely information on labour market activity within Australia. The estimates of most interest are the number of people employed and unemployed, the unemployment rate, underemployment rate, employment to population ratio, and the labour force participation rate.

To complement and extend the information collected in the LFS, the program includes labour supplementary surveys, and labour topics included in the Multipurpose Household Survey (MPHS) (collected on a financial year basis). These provide more detailed information on particular labour market issues and population groups of interest. In addition, more detailed information about employment arrangements and retirement is provided on an irregular basis through the ABS program of social surveys.

As described in the *Information Paper: Outcomes of the Labour Household Surveys Content Review, 2012* (cat. no. 6107.0), the ABS conducted a review of content included in the labour household survey program in 2010-11. The review aimed to improve the relevance of data released, maximise the coherence of interrelated topics and minimise the duplication of content. The scope of the review included the LFS, labour supplementary surveys and labour MPHS topics. Consideration was given to the relevance of labour market indicators, the program's ability to meet emerging priorities, and the relationships between the various components of the program. Considering all of these aspects of the labour household survey program ensured that the new program is based on the perspective of a holistic 'labour household survey information set', rather than being constrained on the basis of the existing content of surveys.

The above Information Paper articulated the background and outcomes of the review, and highlighted, in a broad sense, the range of changes being made across the whole labour household survey program. The new program reflects a trade-off between having an

improved range and frequency of statistics available from the LFS and the depth and frequency of content within the supplementary surveys.

This information paper provides more detail on the changes being made to the LFS, and the LFS standard product set, which comprises the monthly *Labour Force, Australia* (cat. no. 6202.0) and *Labour Force, Australia - detailed electronic delivery* (cat. no 6291.0.55.001); and *Labour Force, Australia, detailed quarterly* (cat. no. 6291.0.55.003).

In determining the changes to the output products, detailed in this Information Paper, the ABS undertook a range of consultation. The ABS chaired Labour Statistics Advisory Group considered and discussed preliminary changes at its November 2013 meeting. Additional discussions were held with key stakeholders in December 2013 and early 2014, and the feedback received has been considered in determining the new product set.

Content collected in the supplementary Employee Earnings, Benefits and Trade Union Membership and Forms of Employment surveys, will be included in the content of the new Characteristics of Employment supplementary survey. Details of changes being introduced with the new survey were outlined in Appendix 4 to the *Forms of Employment, Australia* (cat. no. 6359.0) publication released on 7 May 2014.

The content to be collected in the new Participation, Job Search and Mobility supplementary survey from February 2015 is still being finalised. Details of these changes, when finalised, will be advised in *Persons not in the labour force, Underemployed workers and Job search experience, February 2014* (cat. no. 6226.0.66.001) on 10 December 2014.

Changes to reflect the implementation of the Australian Statistical Geography Standard were incorporated into the LFS from January 2014. Details of changes to monthly and quarterly regional outputs as a result of this implementation were included in *Information Paper: Regional Labour Force Statistics, 2014* (cat no 6262.0) released in December 2013.

NATURE OF CHANGES BEING MADE

The changes to the LFS (as described in detail below) arise from four drivers:

- improved (new or more frequent) content;
- changes to classifications and standards;
- removal of obsolete data items; and
- rationalisation of data outputs and other changes.

Implementing changes to the LFS questionnaire and systems presented the opportunity for the ABS to implement revisions to classifications and standards. Further, this provided the impetus for the ABS to rationalise the data outputs from the LFS, to both manage the resources required to prepare and quality assure the LFS products and to ensure the ABS meets its obligations under the *Census and Statistics Act* in relation to maintaining the confidentiality of data providers.

IMPROVEMENTS TO THE STATISTICS FROM THE LFS

Changes resulting from the review will be implemented to the LFS questionnaire in the July 2014 reference month. While changes are being made to data collection from July 2014, the output of new and changed content will generally not be available when first collected, as the ABS requires some time to analyse the new content prior to publishing. Details of timing of outputs are included below and in the Attachment, however in general new content in monthly products will be available from the January 2015 issue, and new quarterly content

available from the May 2015 issue. A small number of items were scheduled for release in the July 2014 publication. However, the ABS will continue to publish data based on the current content for the July and August 2014 releases. This will allow testing of new production systems before transitioning to the new content from the September 2014 issue.

As a result of the changes to the LFS questionnaire from July 2014 a small number of spreadsheets will cease with the June 2014 release. A detailed schedule of changes is included in the Attachment.

New statistics available from the LFS

Volume measures of labour underutilisation

Volume measures of labour underutilisation use information on hours sought by unemployed people and additional hours preferred by underemployed people to produce complementary labour underutilisation rates to the usual 'headcount' measures. Volume measures for unemployment, underemployment and labour underutilisation (unemployment plus underemployment) are currently produced annually using information from supplementary surveys. They will be available from the LFS on a quarterly basis from the May 2015 issue by state and sex; and by age and sex.

Retrenchment

Some information on retrenchment has been available from the Labour Mobility survey on a two-yearly basis. Information on retrenchment will be collected quarterly from all people who have lost a job in the previous three months. The 'retrenched' population will include those employees who stated the reason they left a job as 'retrenched, made redundant, employer went out of business or no work was available' and for those in their own business with a reason of 'business closed down for economic reasons'. Data will be presented on the numbers retrenched, as well as a 'retrenchment rate' derived as a proportion of the number of people employed in the previous quarter. These data will be available from the May 2015 issue and will be presented by labour force status by state; by labour force status by sex; and by age by sex.

Education

Information on educational attainment will be included in the LFS and information on participation in education will be expanded to include all people aged 15 years and over. These items will be collected monthly but will be published quarterly, from the May 2015 issue. Tables will present labour force status by educational attainment by state; labour force status by educational attainment by age and sex; labour force status by educational participation by state; and labour force status by educational participation by age and sex. The data is collected monthly to ensure that it is available as a variable in special data requests, however, it will be published quarterly as educational status is generally a stable variable.

Leave entitlements

Leave entitlements of employees (those who have access to paid sick and/or holiday leave) have been available from the August and November supplementary surveys. These data will be available quarterly from the May 2015 issue in the time series spreadsheets and datacubes which currently include status in employment.

Sector of employment

Public/private sector of employment has been available from the August supplementary survey. These data will be available quarterly and included in a number of time series spreadsheets from the May 2015 issue. Data will be available for employed persons by sector by state; by sector by age by sex; by sector by industry; and by sector by occupation.

Number of jobs

Information on the number of jobs held by employed people will be available as an analytical item on request, and will not feature in any standard product. This item is necessary for reconciliation between supply and demand measures of the number of jobs.

Increased frequency of statistics

Underemployment

Underemployment will be collected monthly (previously quarterly), and included in monthly products by state and sex, and by age and sex, in original terms from the January 2015 issue. Seasonally adjusted and trend data will continue to be available for the quarter months.

In addition, the scope of underemployment in the questionnaire will be expanded to include all employed persons looking and available for more hours, and all whose actual hours were fewer than usual hours for economic reasons. While the scope of underemployment will be changing in the questionnaire, in the outputs underemployment will remain on the current definition (those who usually work part-time and want to and are available for more hours, and those who usually work full-time and worked part-time in the reference week for economic reasons) until seasonal adjustment can be applied to the series (usually after three years of data). Therefore the change to the definition of underemployment will not be incorporated in standard products until July 2017.

With the changes being made to underemployment in the questionnaire, the datacube which had full-time employed persons who worked fewer than 35 hours by reason worked fewer hours (EM2) will be expanded to include all people whose actual hours were fewer than usual hours. These data will be available from the January 2015 issue, however it will not be possible to continue the datacube in its current format from July 2014 due to changes in response categories and scope.

Additional detail

Aggregate hours worked

Additional series of aggregate monthly hours worked will be incorporated. The new series available monthly will include state by sex and full-time/part-time employment status, and additional quarterly series will be available for each Industry Division. These data are scheduled to be available from the January 2015 issue.

Other improvements to statistics

Looking for full-time and part-time work

Information on looking for full-time and part-time work for all unemployed will be improved. Currently those people who indicate they are looking for full-time work are not asked about looking for part-time work. All unemployed people will be asked both, so output will include the categories: looked for both full-time and part-time work; looked for only full-time work; and looked for only part-time work. There will be new tables with this detailed output available from the January 2015 issue. The current concept of looking for full-time work will continue in tables which currently divide the unemployed population into looking for full-time or part-time work, however there will be a change in the label for those looking for part-time work to be 'looked for only part-time work'. This change will occur from the September 2014 issue.

Gross flows

The 'Gross flows' matrices will be expanded to include the 'unmatched' part of the sample for completeness (i.e. those who do not have a labour force status for the previous month,

or those who do not have a labour force status for the current month). This enhancement will be available in output from the September 2014 issue.

Job tenure

More detail will be provided on duration of employment with current employer/business where duration is greater than one year, available from the May 2015 issue.

CHANGES TO STANDARDS AND CLASSIFICATIONS AND REMOVAL OF OBSOLETE ITEMS

In addition to the improvements to content, the ABS reviewed a number of standard labour data items, and the resulting changes are being incorporated. Further, it has been identified that a small number of data items are obsolete and these will be removed in order to manage respondent burden and ABS resources.

Revision to Active job search steps

Some of the job search steps in the LFS will be changed to better reflect the nature of job search practices in Australia and to better align with international standards. In accordance with international standards the ABS includes an 'active' job search criteria to define the unemployed population in the LFS. 'Active' job search steps are those which put a person in contact with prospective employers for work, either directly or through intermediaries (such as employment services, agencies or recruiting firms), or represent steps towards 'self-employment'. People who only looked in newspapers or read job advertisements on the internet are not considered actively looking for work, as it is impossible to obtain work without some additional active job search step (for example, contacting the employer). To maintain consistency in the underlying concept of active job search over time, it is necessary to periodically review the steps which are considered active to reflect current and emerging practices in the labour market.

The changes will more accurately reflect the role of Centrelink in relation to job seekers, provide greater consistency of treatment of certain job search steps, and include logical job search steps that are currently not included. The changes include:

The inclusion of two new active job search steps:

- 'had an interview with an employer for work' and
- 'taken steps to purchase or start your own business'.
- The exclusion of two steps which are currently 'active' steps but no longer considered sufficient for the respondent to be classified as actively looking for work. These are:
 - 'checked notice boards' and
 - 'been registered with Centrelink as a jobseeker'.

For further details on the current practice, what the changes are, the reasons for the changes, and the impact on the estimates of the unemployed population (which are not expected to be statistically significant) see the May 2014 issue of *Labour Force, Australia* (cat. no. 6202.0).

Duration of unemployment (Job search)

There are a number of changes to the 'duration of unemployment' item. The label will change to 'duration of job search', which more accurately reflects the concept being measured. The definition will change such that the last job to break a period of job search no longer needs to be of a duration of two weeks or longer. Instead any job (of greater than one hour) can break a period of looking for work. This will make it consistent with the definition of

employment where any work of one hour or more in the reference week counts as employment. The output categories have also been refined, and in the main will be under 4 weeks; 4 weeks to under 13 weeks; 13 to under 26 weeks; 26 weeks to under 52 weeks; 52 weeks to under 104 weeks; and 104 weeks and over. In some cases these categories are combined, depending on other cross-classifications included.

The item 'duration of unemployment since last full-time job' is obsolete and is being removed. This item was continued for consistency when the definition of duration of unemployment was changed with the redevelopment of the LFS questionnaire in 2001.

Status in Employment

The 'Status in employment classification' has been updated with a number of changes:

- Owner Managers of Incorporated Enterprises (OMIEs) have been separated from employees.
- The labels for Employers and Own Account Workers have changed to "Owner Managers of Unincorporated Enterprises with employees" and "Owner Managers of Unincorporated Enterprises without employees", respectively to be consistent with the labelling of OMIEs.
- The definition of employees has changed to focus the definition more on the nature of the employment contract rather than the type of remuneration received. The definition excludes OMIEs, but includes persons paid commission without a retainer where they work for an employer.

Age groups

The age group output categories will change for a number of items. Age groups will generally be in five year groups with a top code of 65+ years, with the exception of where the underlying population is relatively small and there are a number of cross classifications (e.g. UM3) where 10 year age groups are used. There will no longer be data output by single year of age in standard products.

Hours worked

The output categories for the hours worked items have generally been expanded to be more uniform and better reflect the hours distribution. The new categories are 0 hours (for actual hours only); 1-9; 10-19; 20-29; 30-34; 35-39; 40-44; 45-49; 50-59; 60-69; and 70 hours and over.

Other changes

The item 'unemployed looking for first full-time job' is being removed as it is considered obsolete, and there are concerns over the quality of the data.

The latest versions of relevant standards and classifications will be incorporated. In addition to changes to the standards described above (Duration of job search, Status in employment, Age and Hours worked), standards relating to Country of birth, Relationship in household and Reason worked less hours than usual (which has been changed from Reason worked less than 35 hours) will also be updated.

RATIONALISATION OF DATA OUTPUTS AND OTHER CHANGES

In addition to the changes to incorporate the new content and changes to standards, some further rationalisation of the product set is being undertaken. The main changes are summarised below, with details of changes to each publication table, time series spreadsheet and datacube detailed in the Attachment. Table shells for the revised products will be made available on the ABS website at least a month prior to the changes being

implemented and advice will be included in the relevant publications.

The following changes to *Labour Force, Australia* (cat. no. 6202.0) will be implemented from the September 2014 issue.

- In all relevant publication tables the employment to population ratio will be included instead of the unemployment rate looking for full-time work. Both will generally be available in the time series spreadsheets.
- The previous Table 12 will be moved forward in the publication and will be Table 4. Seasonally adjusted and Trend data will be added, however the disaggregation by sex will be removed.
- In the publication and time series spreadsheets the 'youth' population will predominantly be presented as those aged 15-24 years. There is one time series spreadsheet (Table 17) which will retain the 15-19 year age group. In tables 13-15 of the publication items will be added for part-time employed and unemployed looked only for part-time work. The unemployment to population ratio - looking for full-time work will be removed. The disaggregation between looking for full-time and part-time work further classified by educational attendance will be removed for this age group due to concerns over data quality.

The following changes to *Labour Force, Australia - Detailed Electronic Delivery* (cat. no. 6291.0.55.001) will be implemented from the September 2014 issue.

- Where there are many cross-classificatory variables, the disaggregation between looking for full-time and part-time work will be removed (e.g. FM1, FM2)
- Time series spreadsheet 3a, and data cube LM3 will contain two age groups 15-19 years and 20-24 years. The disaggregation between looking for full-time and part-time work will be removed. In LM3 Year left school will be replaced with Highest school attainment.
- Time series spreadsheets 3b and 3c, which present data by single year of age for the youth population will be removed.
- Duration of job search tables will generally include median duration in addition to mean duration.
- Year of arrival will change from fixed time points to be Elapsed years since arrival with five year groupings, i.e 5 years or less; 6-10 years; 11-15 years etc.
- Datacube LM2 which contains detailed age will be removed.
- Datacube LM6 which contains detailed country of birth information by state by sex will be removed.
- Datacube LM8 (labour force status by sex by state by age by marital status) is redundant and will be removed as the detail is contained in LM1.
- In datacubes FM2-4 the item 'sex' is being removed as it is available in FM1.
- A number of datacubes which contained several cross-classifications of Age, Sex and State, have been split into two separate datacubes, one with Age and Sex and one with State (e.g. EM1-4, NM1)

The following changes to *Labour Force, Australia - Detailed Quarterly* (cat. no. 6291.0.55.003) will be implemented from the November 2014 issue.

- Time series spreadsheet 18 will be removed as information on reason left or lost last job will be contained in datacubes UQ2a and UQ3a.
- Datacube EO1 will be removed as detailed information for this population will be collected in the Participation, Job Search and Mobility supplementary survey.
- For datacubes EO5-EO13 the level of detail contained in each individual datacube will

be rationalised. While all existing variables are included within the datacubes, they will not be presented with the same detailed cross-classifications.

About this Release

This is the third release of the Information Paper: Forthcoming Changes to Labour Force Statistics. This release contains details on forthcoming changes to the Labour Force Survey questionnaire and associated outputs.

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